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TESTIMONY

OF

FRANK G. ZARB
ADMINISTRATOR
FEDERAL ENERGY ADMINISTRATION

BEFORE THE
JUDICIARY COMMITTEE
UNITED STATES SENATE

PETROLEUM INDUSTRY COMPETITION ACT OF 1976

JUNE 3, 1976



MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM PLEASED TO APPEAR BEFORE YOU TO DISCUSS THE PROPOSED PETROLEUM INDUSTRY COMPETITION ACT OF 1976 (S.2387). THIS BILL WOULD REORGANIZE THE PETROLEUM INDUSTRY BY REQUIRING THAT THE ASSETS OF THE LARGEST 18 VERTICALLY INTEGRATED OIL COMPANIES IN THE UNITED STATES BE DIVIDED INTO SEPARATELY OWNED AND CONTROLLED PRODUCTION, TRANSPORTATION AND REFINING/MARKETING SEGMENTS. MANY SMALLER PETROLEUM COMPANIES WOULD ALSO BE AFFECTED DUE TO THE PROHIBITION ON THE OWNERSHIP OF OTHER FUNCTIONAL ASSETS BY PIPELINE COMPANIES. THROUGH THIS DIVESTITURE, PROPONENTS OF THE BILL SEEK TO INCREASE COMPETITION IN THE PETROLEUM INDUSTRY, AND THEREBY TO CONTRIBUTE SIGNIFICANTLY TO REDUCING PRICES.

I WANT TO STATE AT THE OUTSET THAT I HAVE NO INTEREST IN SIMPLY DEFENDING THE STATUS QUO OR RESISTING CHANGES TO THE STRUCTURE OF THE PETROLEUM INDUSTRY. I ALSO HAVE NO INTEREST IN JUSTIFYING CURRENT PRACTICES USED BY THE INDUSTRY AT ANY FUNCTIONAL LEVEL, OR IN DEFENDING THE PETROLEUM INDUSTRY IN ANY WAY. HOWEVER, I AM KEENLY INTERESTED IN DETERMINING WHETHER THE EXISTING STRUCTURE OR SOME OTHER IS BEST SUITED TO THE DELIVERY OF OIL TO CONSUMERS AS SECURELY AS POSSIBLE, IN THE GREATEST QUANTITIES AND AT THE MOST REASONABLE PRICES.



THE EFFECTS OF A CHANGE IN THE PETROLEUM INDUSTRY STRUCTURE ON MEETING OUR GOAL OF ENERGY INDEPENDENCE FOR THIS COUNTRY ARE A VITAL CONSIDERATION. INTENSIVE STUDIES PERFORMED OVER THE LAST SEVERAL YEARS HAVE SHOWN US THAT IT IS POSSIBLE TO OBTAIN ENERGY INDEPENDENCE WITHIN THE NEXT DECADE PROVIDED CERTAIN GOVERNMENT ACTIONS ARE TAKEN, GIVEN THE EXISTING ORGANIZATION OF THE PETROLEUM INDUSTRY.

THERE IS NO EVIDENCE THAT A NEW STRUCTURE, SPECIFICALLY ONE IN WHICH VERTICAL INTEGRATION IS PROHIBITED, WOULD RESULT IN MORE ABUNDANT AND MORE SECURE OIL, AT MORE REASONABLE PRICES. IN FACT, SOME ARGUE THAT THE ULTIMATE EFFECTS OF VERTICAL DIVESTITURE WOULD BE COUNTERPRODUCTIVE TO THE OBJECTIVES OF THIS LEGISLATION--THAT THE BENEFITS OF INCREASED COMPETITION WOULD NOT OUTWEIGH THE LOSS OF EFFECIENCIES ACHIEVED THROUGH VERTICAL INTEGRATION.

SPECIFICALLY, IT IS NOT AT ALL CLEAR THAT VERTICAL DIVESTITURE IN THE PETROLEUM INDUSTRY WOULD RESULT IN REDUCED PRICES OF PETROLEUM PRODUCTS. ANY DIRECT COST ADVANTAGES OBTAINED THROUGH REDUCING INEFFICIENCIES AND ACHIEVING ECONOMIES INHERENT IN LARGE SCALE OPERATIONS WOULD OBVIOUSLY BE LOST. SUCH LOSSES WOULD TEND TO INCREASE PRICES. IN ADDITION, THE DISRUPTION TO INDUSTRY OPERATIONS CAUSED BY THE DIVESTITURE PROCESS ITSELF, WHICH I WILL DESCRIBE MORE FULLY LATER, WILL TEND TO REDUCE SUPPLIES AND PLACE UPWARD PRESSURES ON PRICES.

THERE IS ALSO NO EVIDENCE THAT U.S. PETROLEUM COMPANIES, WEAKENED AND REDUCED IN SIZE BY DIVESTITURE, COULD BARGAIN WITH THE OPEC CARTEL MORE EFFECTIVELY THAN THE LARGER, VERTICALLY INTEGRATED FIRMS, AND THEREBY BRING MORE SECURE SUPPLIES AT LOWER PRICES. OPEC'S CONTROL OF PRICES RESULTS FROM THE CARTEL'S ABILITY TO LIMIT PRODUCTION TO THE LEVEL OF DEMAND AT THE PRICE SET BY THE CARTEL, AND TO MAINTAIN SURPLUS PRODUCTION CAPACITY WITHIN ITS MEMBERSHIP. SINCE VERTICAL DIVESTITURE WILL NOT FAVORABLY AFFECT THE SUPPLY AND DEMAND OUTLOOK FOR OPEC OIL, IT WILL NOT WEAKEN OPEC'S CONTROL OVER PRICES. THE PRORATIONING OF PRODUCTION AMONG OPEC MEMBERS COULD BECOME A SEVERE PROBLEM FOR THE OPEC CARTEL ONLY IF FACED WITH A LONG-TERM DECLINING MARKET. THEREFORE, THE ONLY WAY THE UNITED STATES MIGHT EXERT DOWNWARD PRESSURE ON THE WORLD PRICE OF OIL IS TO CREATE ALTERNATIVE DOMESTIC SOURCES OF SUPPLY AND REDUCE DEMAND FOR IMPORTS.

I ALSO WANT TO POINT OUT THAT VERTICAL DIVESTITURE COULD RESULT IN A WEAKENED POSITION FOR THE UNITED STATES IN NEGOTIATING FOR OIL IN THE INTERNATIONAL MARKET. VAGUENESS IN THE LANGUAGE OF THE BILL PRECLUDES A PRECISE DETERMINATION OF THE WAY IN WHICH INTERNATIONAL OPERATIONS ARE IMPACTED BY THE DIVESTITURE. HOWEVER, THERE IS GOOD CAUSE TO BELIEVE THAT AN ATTEMPT TO

DIVEST AND WEAKEN U.S. INTERNATIONAL OIL COMPANIES COULD LEAD TO THE FOLLOWING CONSEQUENCES:

- o STRENGTHENED NON-U.S. COMPANIES IN THE INTERNATIONAL ENERGY MARKET, SINCE THESE COULD NOT BE AFFECTED BY A U.S. IMPOSED DIVESTITURE.
- o FRICTION WITH FOREIGN GOVERNMENTS SINCE EXISTING CONTRACTS WITH THEM WOULD BE AFFECTED, AND THE DIVESTITURE ITSELF MIGHT BE VIEWED AS AN OPPORTUNITY FOR FURTHER NATIONALIZATION OF OIL COMPANY ASSETS.
- o A REACTION BY U.S. BASED INTERNATIONAL COMPANIES TO MOVE ABROAD, AND THEREBY TO REDUCE THEIR CONCERN FOR THE UNITED STATES AND THEIR ABILITY TO INSULATE THE UNITED STATES FROM THE TARGETED EFFECTS OF AN EMBARGO.
- o A REDUCTION IN INVESTMENTS FOR OIL EXPLORATION AND DEVELOPMENT IN LESS DEVELOPED COUNTRIES SINCE, IN MANY INSTANCES, THE HIGH RISKS AND THE RETURNS ON THESE INVESTMENTS CAN ONLY BE ECONOMICALLY JUSTIFIED BY THE INTEGRATED COMPANIES.

THESE POTENTIAL INTERNATIONAL CONSEQUENCES OF DIVESTITURE WILL BE DESCRIBED MORE FULLY BY THE STATE DEPARTMENT LATER IN THESE HEARINGS. HOWEVER, THESE CONSEQUENCES WOULD TEND TO WEAKEN THE U.S. POSITION IN THE INTERNATIONAL MARKET AND THEREBY COULD

PROVIDE TO THE OPEC CARTEL MORE UPWARD FLEXIBILITY ON PRICES. THE NET RESULT COULD BE LESS SECURE FOREIGN SUPPLIES AND HIGHER PETROLEUM PRICES.

OF PARTICULAR INTEREST TO THIS COMMITTEE, HOWEVER, SHOULD BE THE TRANSITIONAL EFFECTS OF VERTICAL DIVESTITURE, INCLUDING THE POTENTIAL IMPACT ON DOMESTIC OIL EXPLORATION ACTIVITY. THE DIVESTITURE PROCESS ITSELF INVOLVES BOTH HEAVY COSTS AND SEVERE RISKS IN MEETING OUR DOMESTIC SUPPLY GOALS. IT IS VERY UNLIKELY THAT DIVESTITURE COULD BE IMPLEMENTED WITHIN FIVE YEARS. WE ESTIMATE THAT PERHAPS A DECADE OF LITIGATION MIGHT RESULT AMONG THE NUMEROUS INTERESTS WHO HAVE A DIRECT STAKE IN THE OUTCOME OF DIVESTITURE.

IN ADDITION, MAJOR ALTERATIONS IN CAPITAL SPENDING PROGRAMS WOULD BE EXPECTED, AND INDUSTRY MANAGEMENT EFFORTS WOULD BE DIVERTED AWAY FROM ENERGY SUPPLY DEVELOPMENT ACTIVITIES AND TOWARD THE ADMINISTRATIVE PROBLEMS ASSOCIATED WITH VERTICAL DIVESTITURE. THE NET RESULT COULD BE REDUCED DOMESTIC ENERGY SUPPLIES AND INCREASED DEPENDENCY ON FOREIGN SUPPLIES. THE FOLLOWING ANTICIPATED EFFECTS ILLUSTRATE THE SIGNIFICANCE OF PROBLEMS EXPECTED DURING THE TRANSITION PERIOD:

- o THE INCENTIVES OF AFFECTED COMPANIES TO MAKE CAPITAL INVESTMENTS DURING THE TRANSITION PERIOD WOULD LIKELY BE

CURTAILED DUE TO UNCERTAINTIES OVER: FUTURE CASH REQUIREMENTS, THE ABILITY OF DIVESTED COMPANIES TO REFINANCE OUTSTANDING DEBT, AND THE ABILITY TO SELL-OFF ASSETS AT REASONABLE PRICES DURING DIVESTITURE.

- o THE ABILITY TO RAISE EXTERNAL CAPITAL WOULD BE REDUCED DUE TO UNCERTAINTY OVER THE OWNERSHIP OF ASSETS WHICH SERVE AS COLLATERAL FOR LONG-TERM LOANS. ALSO, IT MIGHT BE IMPOSSIBLE FOR SOME OF THE DIVESTED CORPORATE ENTITIES TO SELL LONG-TERM UNSECURED DEBT SECURITIES SINCE MANY INSTITUTIONAL INVESTORS REQUIRE DEMONSTRATED OPERATIONAL PROFITABILITY. IT IS POSSIBLE THAT THESE DIVESTED SEGMENTS WOULD REQUIRE GOVERNMENT SUBSIDIES OR GOVERNMENT LOAN GUARANTEES IN ORDER TO OBTAIN SUFFICIENT CAPITAL TO REMAIN VIABLE FOR A THREE TO FIVE YEAR PERIOD AFTER INDEPENDENT OPERATIONS HAVE BEGUN.
- o THE ABROGATION OF EXISTING DEBT DUE TO THE DIVESTITURE PROCESS WOULD MOST LIKELY RESULT IN ITS RENEGOTIATION AT HIGHER RATES, YIELDING HIGHER COSTS OF OPERATING THE DIVESTED SEGMENTS.
- o LENDERS COULD PUT GREAT PRESSURE ON AFFECTED COMPANIES TO CURTAIL CAPITAL INVESTMENT PROGRAMS SO AS TO PROVIDE CASH TO REPAY THE OUTSTANDING DEBT OVER THE SHORTEST.



PERIOD OF TIME, RESULTING IN THE POSTPONEMENT OF CAPITAL INVESTMENTS FOR THE EXPLORATION AND DEVELOPMENT OF NEW ENERGY SUPPLIES.

AS A RESULT OF THESE TRANSITIONAL EFFECTS, NEW INVESTMENTS IN ALL EXCEPT THE MOST EXTREMELY PROFITABLE AREAS WOULD LIKELY BE CURTAILED FOR SEVERAL YEARS, FOREGOING THE OPPORTUNITY TO ACHIEVE ENERGY INDEPENDENCE WITHIN THE NEXT DECADE.

THESE CONCLUSIONS ARE BASED ON A STUDY OF THE TRANSITION PROCESS AND ITS EFFECTS PERFORMED BY AN INTERAGENCY TASK FORCE ESTABLISHED BY THE ENERGY RESOURCES COUNCIL IN MARCH OF THE YEAR. THE TASK FORCE OBJECTIVES ARE TO DEVELOP AND COLLECT INFORMATION RELATING TO THE DEGREE OF BOTH HORIZONTAL AND VERTICAL INTEGRATION WITHIN THE PETROLEUM INDUSTRY, AND TO ASSESS THE EFFECTS OF INTEGRATION ON COMPETITIVE BEHAVIOR, PETROLEUM PRICES, INDUSTRY PROFITS AND THE STRENGTH OF THE OPEC CARTEL. THE DEPARTMENTS OF TREASURY, STATE, JUSTICE, AND COMMERCE AND THE FEA ARE PARTICIPATING IN THIS EFFORT. IT IS ANTICIPATED THAT A YEAR OR MORE WILL BE NECESSARY TO COMPLETE THIS STUDY AND DEVELOP CONCLUSIONS WHICH CAN BE SUPPORTED QUANTITATIVELY. HOWEVER, THIS TASK FORCE HAS PRODUCED AN INTERIM DISCUSSION PAPER ON VERTICAL DIVESTITURE WHICH I WILL SUBMIT FOR THE RECORD TODAY. IT INCLUDES A DESCRIPTION OF THE POTENTIAL PROBLEMS IN

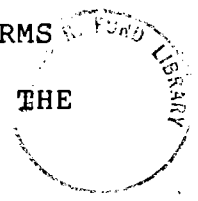
IMPLEMENTING VERTICAL DIVESTITURE AS PROVIDED FOR IN S.2387, A PRELIMINARY ANALYSIS OF BOTH THE SHORT- AND LONG-TERM FINANCIAL IMPLICATIONS OF DIVESTITURE AND A SUMMARY OF RELEVANT STATISTICAL INFORMATION.

AS SHOWN IN THIS PAPER, THOSE WHO WOULD ARGUE FOR INDUSTRY REORGANIZATION BASED ON CONCENTRATION LEVELS OR OTHER AVAILABLE MEASURES OF MARKET POWER HAVE NOT BEEN ABLE TO MAKE A COMPELLING CASE. AVAILABLE STATISTICS DO NOT SUPPORT THE CONCLUSION THAT THERE IS A HIGHER DEGREE OF CONCENTRATION IN THE PETROLEUM INDUSTRY THAN OTHER MAJOR U.S. INDUSTRIES, OR THAT THERE IS DECLINING COMPETITION, AS ILLUSTRATED BY THE FOLLOWING:

- o CONCENTRATION LEVELS IN THE REFINING AND MARKETING AREAS OF THE PETROLEUM INDUSTRY HAVE NOT CHANGED SIGNIFICANTLY IN THE LAST 20 YEARS. FOR THE LARGEST EIGHT FIRMS, THE CONCENTRATION RATIO FOR REFINERY CAPACITY DECLINED BY 1% BETWEEN 1955 AND 1974, AND THE RATIO FOR GASOLINE MARKETING REMAINED CONSTANT OVER THIS PERIOD.
- o ALTHOUGH CONCENTRATION LEVELS IN CRUDE PRODUCTION HAVE INCREASED SIGNIFICANTLY IN THE PAST 20 YEARS, ONLY MODEST INCREASES HAVE BEEN OBSERVED IN THE LAST 10 YEARS. FOR THE EIGHT LARGEST FIRMS, CRUDE PRODUCTION CONCENTRATION LEVELS INCREASED FROM 31% IN 1955

TO 39% IN 1965, BUT ONLY AN ADDITIONAL 2 PERCENTAGE POINTS IN THE LAST 10 YEARS TO 41% IN 1974.

- o CONCENTRATION LEVELS FOR PETROLEUM REFINING ARE LESS THAN THE AVERAGE FOR ALL U.S. MANUFACTURING. THE 4-FIRM PETROLEUM REFINING CONCENTRATION LEVEL WAS 33% IN 1970, AS COMPARED TO 40% FOR ALL U.S. INDUSTRY.
- o REFINER SALES CONCENTRATION LEVELS FOR MOTOR GASOLINE, MIDDLE DISTILLATE FUEL AND RESIDUAL FUEL OIL HAVE, IN GENERAL, BEEN DECREASING IN RECENT YEARS. FOR THE TOP EIGHT REFINERS BETWEEN 1972 AND 1975, CONCENTRATION LEVELS FOR GASOLINE FELL FROM 54 TO 53%, FOR MIDDLE DISTILLATE FROM 58 TO 56%, AND FOR RESIDUAL OIL FROM 77 TO 71%.
- o NEW ENTRY, EXPANSIONS AND ACQUISITIONS BY INDEPENDENT REFINERS HAVE BEEN APPRECIABLE IN THE PAST 15 YEARS. BETWEEN 1951 AND 1975, EIGHT FIRMS ENTERED THE U.S. REFINERY MARKET, AND 22 REFINERS GREW TO ACHIEVE A CAPACITY GREATER THAN 50,000 BARRELS A DAY. ONE OF THESE REFINERS HAS GROWN SUFFICIENTLY TO BE CONSIDERED A SMALL MAJOR OIL COMPANY TODAY. THESE 22 FIRMS REPRESENTED 20% OF TOTAL REFINERY CAPACITY AT THE END OF 1974.



THERE IS NO ADEQUATE MEASURE AVAILABLE TO COMPARE THE DEGREE OF VERTICAL INTEGRATION IN THE PETROLEUM INDUSTRY WITH OTHER INDUSTRIES. HOWEVER, WHILE VERTICAL INTEGRATION IS USED WIDELY AS A FORM OF CORPORATE ORGANIZATION IN THE PETROLEUM INDUSTRY, IT IS ALSO OBSERVED COMMONLY IN MANY OTHER AMERICAN INDUSTRIES, INCLUDING STEEL AND METAL FABRICATING, FOOD RETAILING, THE TIRE CORD AND FABRIC INDUSTRY, AND THE DRUG AND HEALTH INDUSTRY.

AVAILABLE STATISTICS ALSO DO NOT SUPPORT THE CONTENTION THAT THE PETROLEUM INDUSTRY IS CHARACTERIZED BY HIGHER PRICES OR HIGHER PROFITS WHICH RESULT FROM INSUFFICIENT COMPETITION, AS SHOWN BY THE FOLLOWING:

- o PETROLEUM FIRMS HAVE EXPERIENCED AN AFTER TAX RETURN ON NET WORTH COMPARABLE TO THAT FOUND IN OTHER INDUSTRIES, AND LESS THAN THAT OF THE CHEMICAL INDUSTRY AND THE DRUG AND HEALTH RELATED INDUSTRY.
- o GASOLINE PRICES IN REAL TERMS ARE ROUGHLY THE SAME AS THEY WERE 25 YEARS AGO. IN CONSTANT 1967 DOLLARS, GASOLINE SOLD FOR 35 CENTS PER GALLON IN 1951, WHILE IN 1975 THE PRICE WAS ONLY 35.6 CENTS PER GALLON.

IN ADDITION, NO CONCLUSIVE EVIDENCE HAS BEEN FOUND INDICATING THAT VERTICAL INTEGRATION IN THE PETROLEUM INDUSTRY HAS RESULTED IN ANTICOMPETITIVE BEHAVIOR, OR THAT EXISTING PRACTICES REPRESENT AN ABUSIVE EXPLOITATION OF MARKET POWER BY THE LARGER FIRMS. INSTEAD, AVAILABLE STATISTICS SHOW AN APPRECIABLE LEVEL OF OPEN MARKET TRANSACTIONS IN BOTH CRUDE OIL AND REFINED PRODUCTS, AND AN ABILITY OF INDEPENDENT MARKETERS TO OBTAIN ACCESS TO REFINED PRODUCTS FROM THE MAJOR INTEGRATED COMPANIES. TO ILLUSTRATE:

- o SEVENTEEN OF THE EIGHTEEN REFINERS WHICH WOULD BE DIVESTED UNDER THE PROPOSED BILL ARE SIGNIFICANT NET CRUDE BUYERS. THESE FIRMS IMPORT OR PURCHASE ON THE DOMESTIC MARKET, ON THE AVERAGE, OVER 40% OF THE CRUDE USED IN THEIR REFINERY RUNS, IMPLYING THAT THE EXISTING MARKET FOR CRUDE IS QUITE EXTENSIVE.
- o REFINERS SOLD OVER 82% OF THEIR GASOLINE TO INDEPENDENT MARKETERS IN 1975, A SHARE THAT HAS REMAINED CONSTANT OVER THE LAST FOUR YEARS.
- o REFINERS HAVE INCREASED THE SHARE OF DISTILLATE AND RESIDUAL FUEL OIL SALES TO INDEPENDENT MARKETERS BETWEEN 1972 AND 1975, INCREASING FROM 55% TO 58% FOR DISTILLATE AND FROM 18% TO 19% FOR RESIDUAL OIL.

- o REFINERY PROCESSING AGREEMENTS AMOUNT TO ONLY 2 PERCENT OF TOTAL REFINERY RUNS, INDICATING NO SIGNIFICANT DEGREE OF IMPLIED CONTROL VIA THESE ARRANGEMENTS.

THUS, AVAILABLE STATISTICS DO NOT SUPPORT THE CLAIM THAT THERE IS INSUFFICIENT COMPETITION IN THE PETROLEUM INDUSTRY OR THAT SPECIAL REMEDIAL ACTION IS NEEDED TO PROMOTE COMPETITION WITHIN THIS INDUSTRY. FURTHER STUDY OF ALL AVAILABLE INFORMATION WILL BE PERFORMED BY FEA IN THE NEXT YEAR AND ADDITIONAL DATA WILL BE COLLECTED TO SHED MORE LIGHT ON THE COMPETITIVE AND ECONOMIC IMPLICATIONS OF VERTICAL INTEGRATION IN THE PETROLEUM INDUSTRY.

I ALSO BELIEVE THIS DIVESTITURE PROPOSAL IS PREMATURE BECAUSE PENDING ANTITRUST PROCEEDINGS ARE ADDRESSING THESE ISSUES IN DETAIL WITH THE DEVELOPMENT OF A FULL EVIDENTIARY RECORD. BOTH THE FEDERAL TRADE COMMISSION AND THE INTERSTATE COMMERCE COMMISSION HAVE ONGOING INVESTIGATIONS OF SPECIFIC PRACTICES USED WITHIN THE INDUSTRY. INDEED, THE PROCESS OF ANTITRUST LITIGATION IS SLOW BECAUSE THE ISSUES TO BE RESOLVED ARE EXTREMELY COMPLEX. HOWEVER, JUSTICE IS NOT SERVED IF THE PROCESS IS SHORTCUT. DIVESTITURE LEGISLATION WOULD ATTEMPT TO FASHION A SWEEPING STRUCTURAL PANACEA TO INDIVIDUAL ALLEGED PROBLEMS, EVEN THOUGH NO CONVINCING CASE IN ITS FAVOR HAS BEEN MADE.

IN SUMMARY, THERE IS NO CONCLUSIVE EVIDENCE THAT VERTICAL DIVESTITURE OF THE PETROLEUM INDUSTRY WOULD RESULT IN MORE ABUNDANT AND MORE SECURE ENERGY SUPPLIES, AT MORE REASONABLE PRICES TO CONSUMERS. INSTEAD, THE EFFECTS OF DIVESTITURE COULD BE COUNTERPRODUCTIVE TO THE OBJECTIVES OF THIS PROPOSED LEGISLATION. THERE IS GOOD CAUSE TO BELIEVE THAT HIGHER PRICES WOULD RESULT, AND THE DIVESTITURE PROCESS ITSELF COULD BE SO DISRUPTIVE AS TO PRECLUDE THE UNITED STATES ATTAINMENT OF ENERGY INDEPENDENCE IN THE NEXT DECADE.

THOSE WHO SUPPORT DIVESTITURE HAVE NOT BEEN ABLE TO MAKE A COMPELLING CASE THAT IT CAN BE JUSTIFIED BASED ON CONCENTRATION LEVELS OR OTHER AVAILABLE STATISTICAL INFORMATION. THE BURDEN IS CLEARLY ON THE PROPONENTS OF THIS BILL TO SHOW CONCLUSIVELY THAT DIVESTITURE IS WARRANTED AND THAT CONSUMERS WOULD SOMEHOW BENEFIT.

ALL THINGS CONSIDERED, I WILL HAVE TO OPPOSE THE BILL AT THIS TIME.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

